

Winter Outlook 2012

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Citizens Energy Group

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October 24, 2012

Winter Outlook

- Winter bill projections
- Helping customers in need
- Customer service improvements
- Communications
- Customer satisfaction
- Pipeline safety
- Cyber security
- Natural gas for transportation
- Supply outlook – LaTona Prentice, V.P. Regulatory Affairs

Winter 2012 Bill Projections

	Residential Winter Bill Projection – Marion County (2012/2013 vs. 2011/2012)					
	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$78.15	\$119.03	\$147.96	\$119.13	\$91.19	\$555.46
Last Winter*	\$81.25	\$126.50	\$154.19	\$118.86	\$95.27	\$576.07
Usage (Therms)	84	138	175	134	98	629

*Based on normal temperatures -- Actual 2011/2012 bill amounts and usage levels last winter were less

Winter Bill Projections

	Residential Winter Bill Projection – Westfield (2012/2013 vs. 2011/2012)					
	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$90.10	\$146.79	\$146.96	\$179.29	\$107.87	\$667.32
Last Winter*	\$97.19	\$150.91	\$150.91	\$194.11	\$112.04	\$708.87
Usage (Therms)	84	138	175	134	98	629

*Based on normal temperatures -- Actual 2011/2012 bill amounts and usage levels last winter were less

Helping Customers in Need

- Assistance needs will be high
- Minimizing service disruptions
- Flexible payment arrangements
- Manageable deposits
- Outreach to inactive accounts



Core Messages

Safety and Conservation

- Be WinterWise
- Smoke alarm giveaway
- Colts partnership



Customer Service Improvements

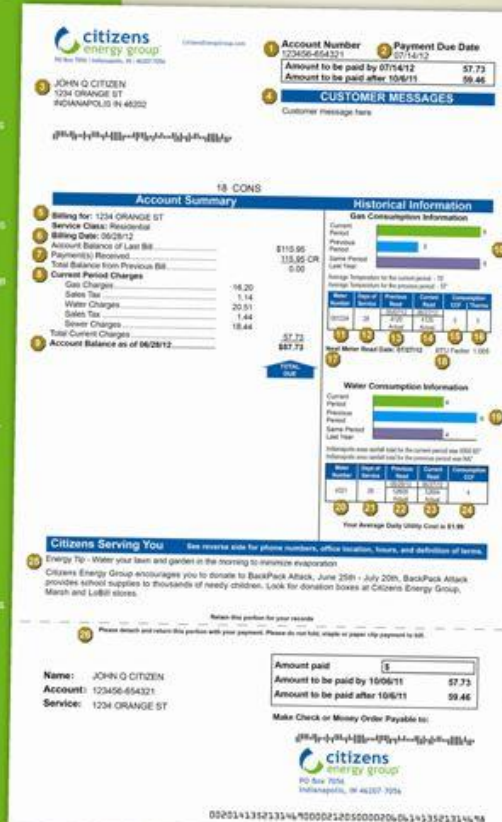
- One Bill, One Payment, One Call, One Website
 - Combined billing
 - Combined meter reading
 - Combined Contact Centers
 - Expanded service offerings
 - Web
 - Budget Plan on whole bill
 - Payment allocations
 - Arrangements

Guide to Your New Combined Bill

Citizens Energy Group is implementing a new combined bill for customers who have more than one utility service with Citizens. Below is a guide to reading a combined gas, water and sewer bill. Customers with only one utility service from Citizens, will only notice minor differences compared to your previous bill. Citizens is implementing combined billing because of the convenience it provides customers. Combined billing also will save our customers about \$1 million per year in lower processing costs. In addition to combined billing, Citizens is implementing monthly meter reading for all of its customers. More information about combined billing is available at www.citizensenergygroup.com.

How to Read Your Citizens Billing Statement

1. Your Citizens Energy Group Account Number
2. When your payment is due in our office.
3. Mailing address of your bill.
4. Specific messaging appearing on some bills regarding your account activity.
5. Address where service is located.
6. We billed your account on this date. All transactions through the date billed are shown.
7. Amount of last bill, payment received, previous balance.
8. Includes all the costs Citizens incurs to provide service(s) including maintenance of pipelines, employee salaries and the costs to provide services such as billing and meter reading.
9. Account balance to date.
10. Summary comparing gas consumption and average temperature during current billing period and prior periods.
11. Number of the gas meter assigned to the address where service is located.
12. Number of service days during this billing period.
13. Previous meter reading and date meter read.
14. Current meter reading and date meter read.
15. Number of cubic feet of gas delivered through your meter.
16. Therms measure the energy value of the natural gas used.
17. Next date your meter(s) is/are scheduled to be read.
18. Standard measurement of energy heat value.
19. Summary comparing water consumption and rainfall totals during current billing period and prior periods.
20. Number of the water meter assigned to the address where service is located.
21. Number of service days during this billing period.
22. Previous meter reading and date meter read.
23. Current meter reading and date meter read.
24. Number of cubic feet of water delivered through your meter.
25. Monthly customer service message on various topics including conservation, weatherization, and payment options.
26. Please return this part of your bill with payment. Having this stub helps us process your payment more quickly and accurately.



citizens energy group
PO Box 7076 Indianapolis, IN 46207-7076

Account Number: 123456-454321
Payment Due Date: 07/14/12
Amount to be paid by 07/14/12: \$7.73
Amount to be paid after 10/6/11: \$9.46

CUSTOMER MESSAGES
Customer message here

13. CONS

Account Summary

Item	Amount
Billing for: 1234 ORANGE ST	
Service Class: Residential	
Billing Date: 06/28/12	
Amount Balance of Last Bill	\$115.95
Payment(s) Received	115.95 CR
Total Balance from Previous Bill	\$0.00
Current Period Charges	
Gas Charges	16.20
Sales Tax	1.14
Water Charges	20.51
Sales Tax	1.44
Sewer Charges	18.44
Total Current Charges	\$57.73
Account Balance as of 06/28/12	\$57.73

Historical Information

Gas Consumption Information

Period	Therms	Temp	Days	Cost
Current Period	115.95	57	5	\$115.95
Previous Period	115.95	57	5	\$115.95
Same Period Last Year	115.95	57	5	\$115.95

Water Consumption Information

Period	Feet	Temp	Days	Cost
Current Period	115.95	57	5	\$115.95
Previous Period	115.95	57	5	\$115.95
Same Period Last Year	115.95	57	5	\$115.95

Citizens Serving You

Energy Tip - Water your lawn and garden in the morning to minimize evaporation. Citizens Energy Group encourages you to donate to Backpack Attack, June 25th - July 20th. Backpack Attack provides school supplies to thousands of needy children. Look for donation boxes at Citizens Energy Group, Marsh and LoBlill stores.

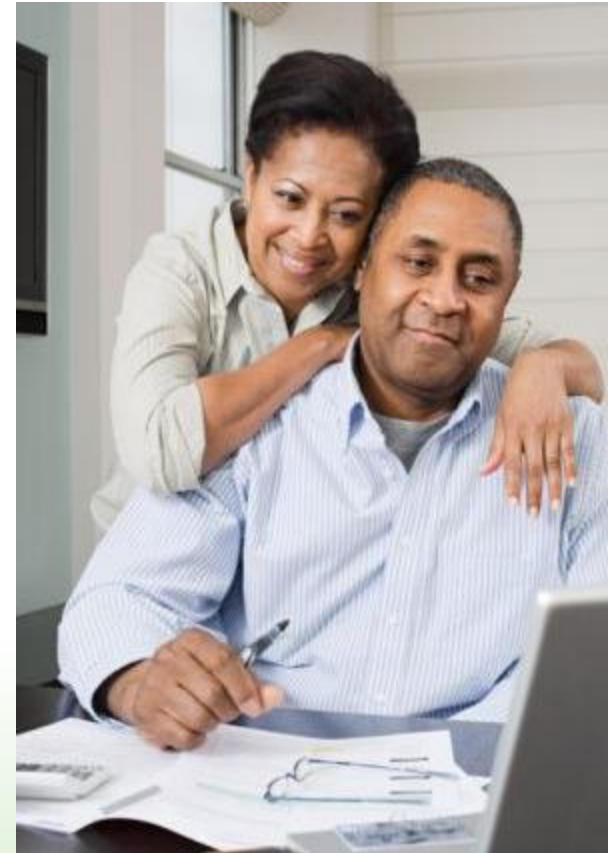
Amount paid
Amount to be paid by 10/06/11: \$7.73
Amount to be paid after 10/06/11: \$9.46

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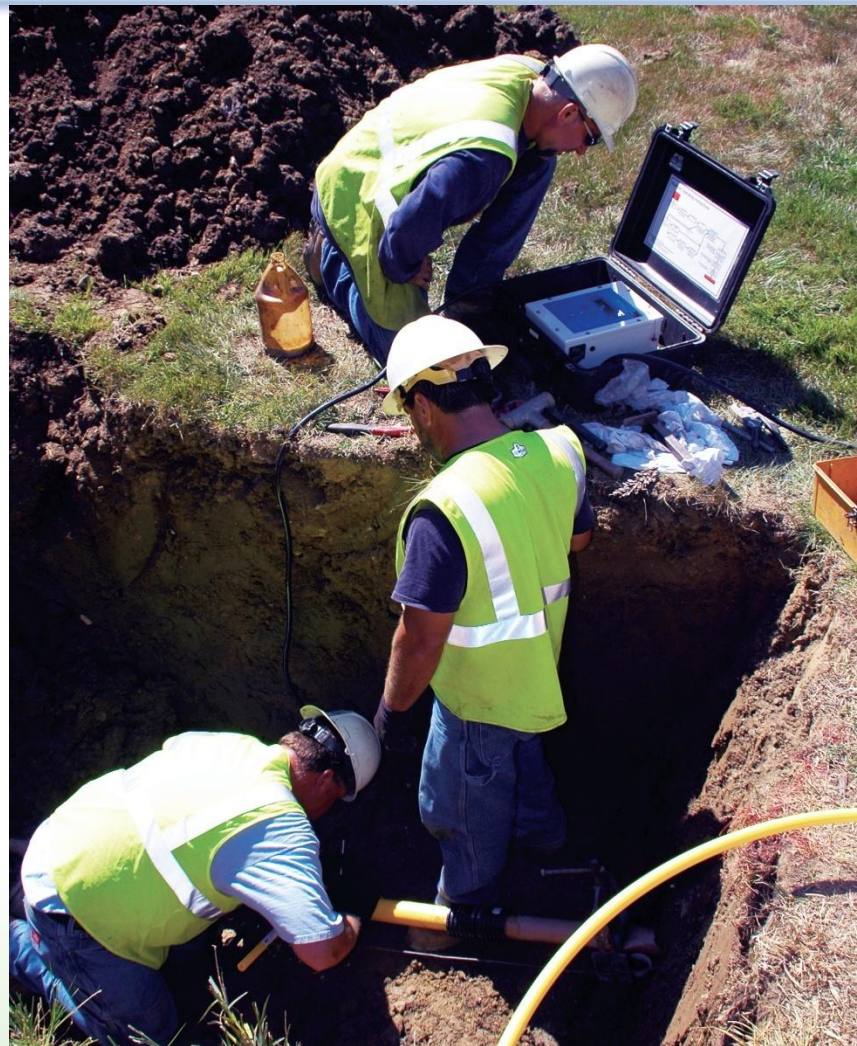
Customer Satisfaction

- Call volumes and wait times high
- Customer satisfaction will improve over time
- Our standards are high



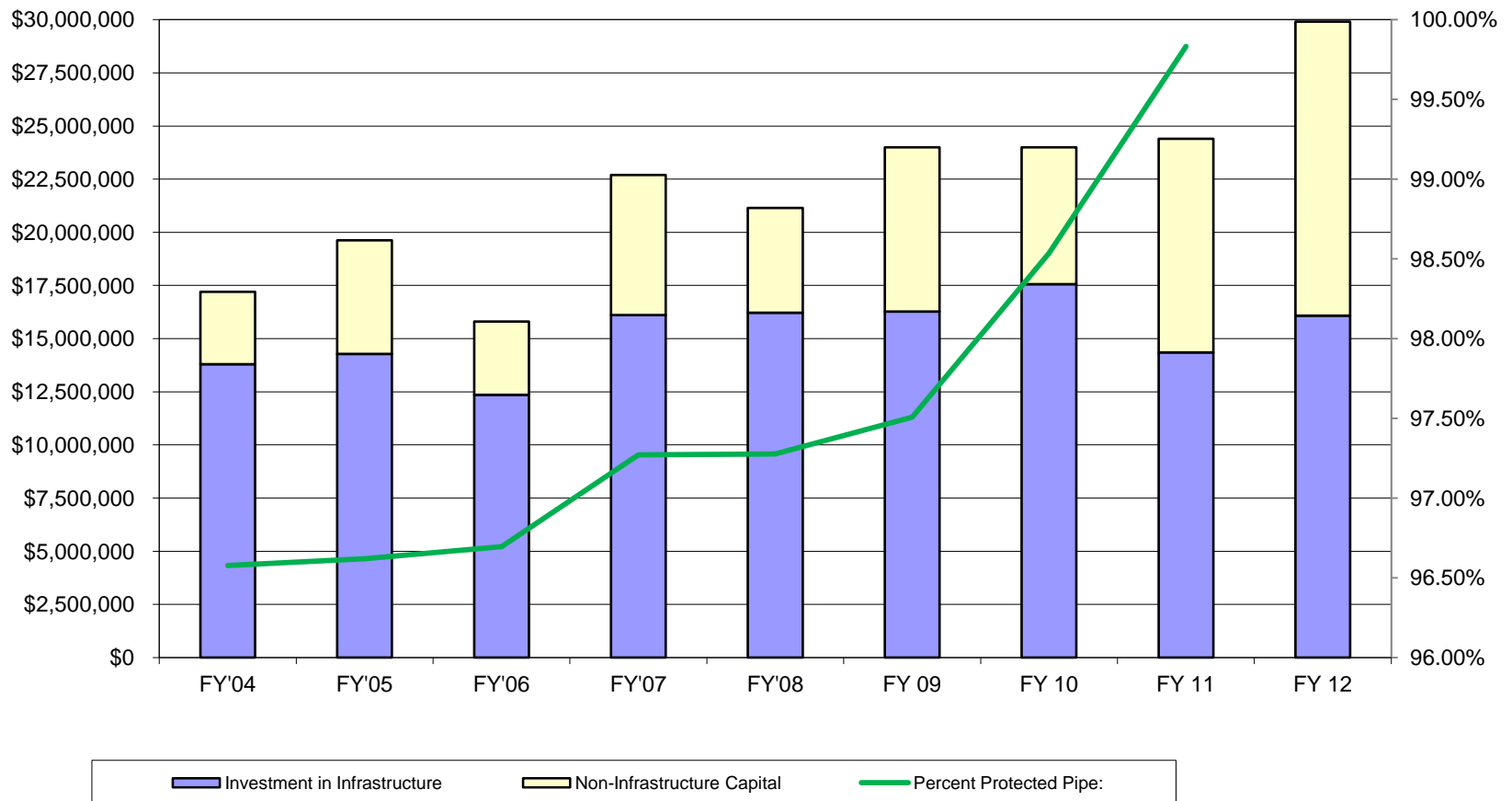
Pipeline Safety

- Pipeline safety review
- Ensuring system integrity
 - Proper maintenance
 - Monitoring pressure
 - Leak detection
 - Corrosion prevention
 - Public awareness



Investments Ensure Safety

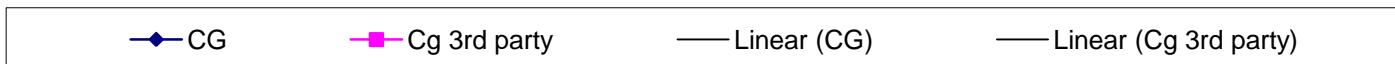
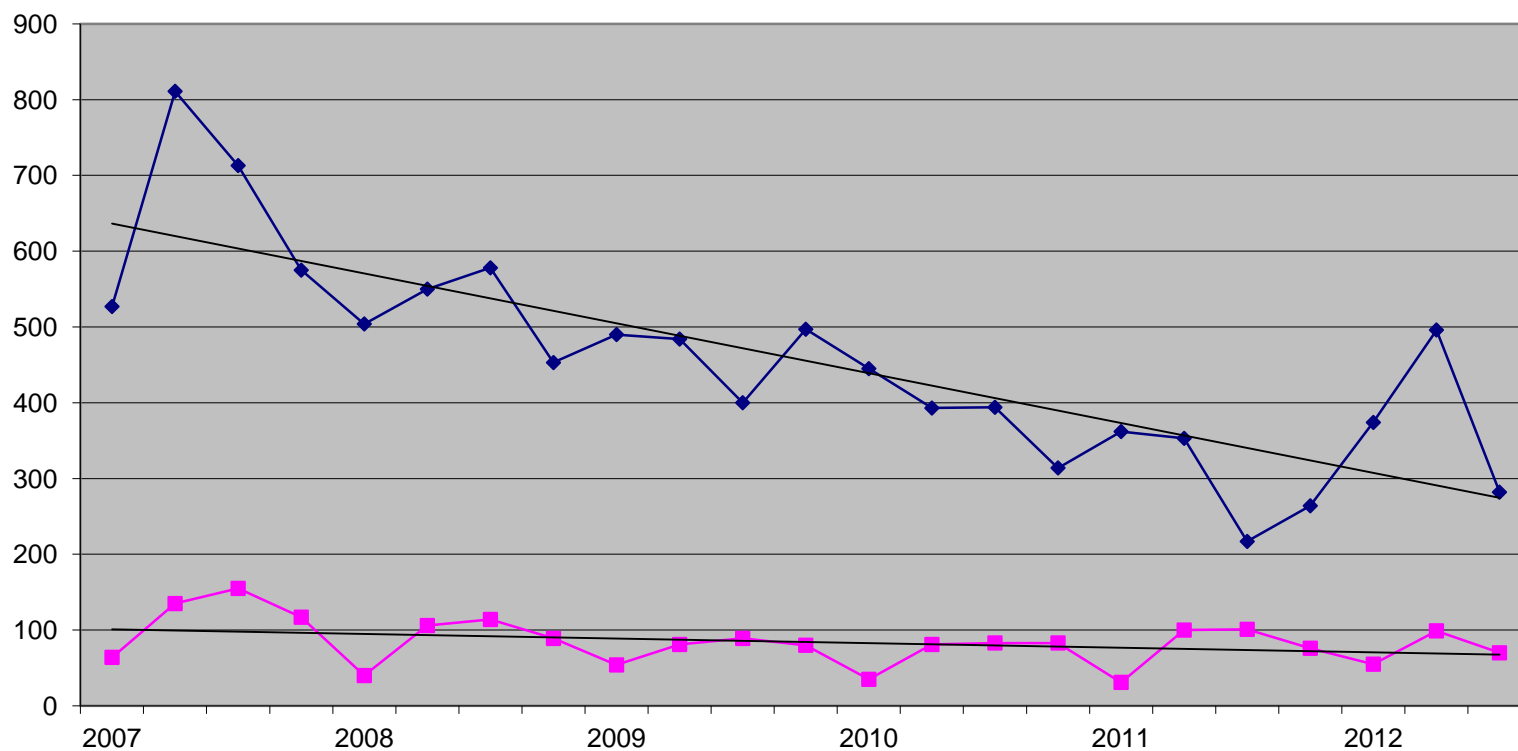
**Citizens Gas System Integrity
Investment in New/Replacement Infrastructure**



Declining Leaks & Damage

Citizens Gas System Integrity - Leaks per Mile of Mains/Services

Good ↓



Cyber Security

- Layered approach using numerous protection systems
- Risk-based analysis over expanded assets
- Focus on security of SCADA & billing systems



Natural Gas for Transportation

- Enormous market potential
 - \$112B for diesel, \$500B for gasoline in U.S.
 - 35-45% cheaper than diesel/gasoline -- \$1.50 plus per gallon payback vs. diesel
 - Domestically abundant, price less volatile, reduces dependence on volatile foreign oil
 - Reduces greenhouse gases more than 20% -- corporate “go green” initiatives
 - Major station infrastructure investments occurring
 - Engine/vehicle technology expanding
 - About 10% of Citizens’ fleet are NGVs



Indiana Could be CNG/LNG Leader

- Consistent with “Hoosier Homegrown” initiative
 - Significant LNG production, storage and natural gas pipeline access in Central Indiana relative to other Midwest locations
 - World leading manufacturers of engine technology, vehicle producers, and logistic companies are local
 - Central location yields a competitive advantage due to transportation routes



CNG/LNG Benefits for Indiana

- Drives Indiana job growth and tax base
 - Expansion of existing Indiana businesses: Autocar, Cummins, Honda, and others
 - Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) fuel production and sales
 - New CNG and LNG fuel station development



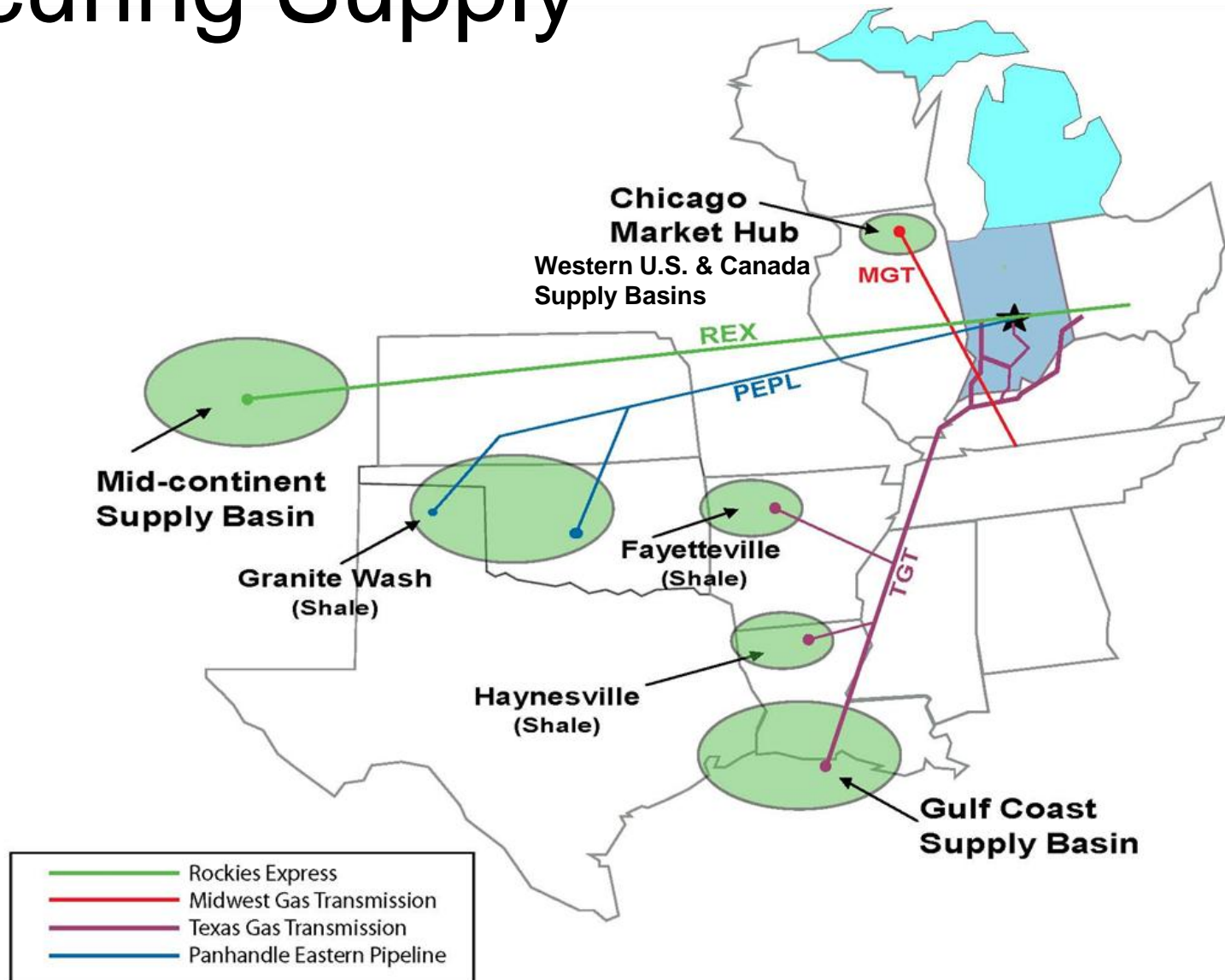
Developing CNG/LNG Market

- What is needed
 - State wide emphasis and strategy
 - Public awareness and education
 - Possible tax incentives, grants, or private funds for up-front vehicle conversion
 - Station development and home fueling incentives
- Possible solutions for discussion
 - Economic development rate
 - Time bound and specific tracker to recover Utility funding of conversions and/or needed infrastructure
 - Recovery of operating and advertising expenses in rates

LaTona Prentice

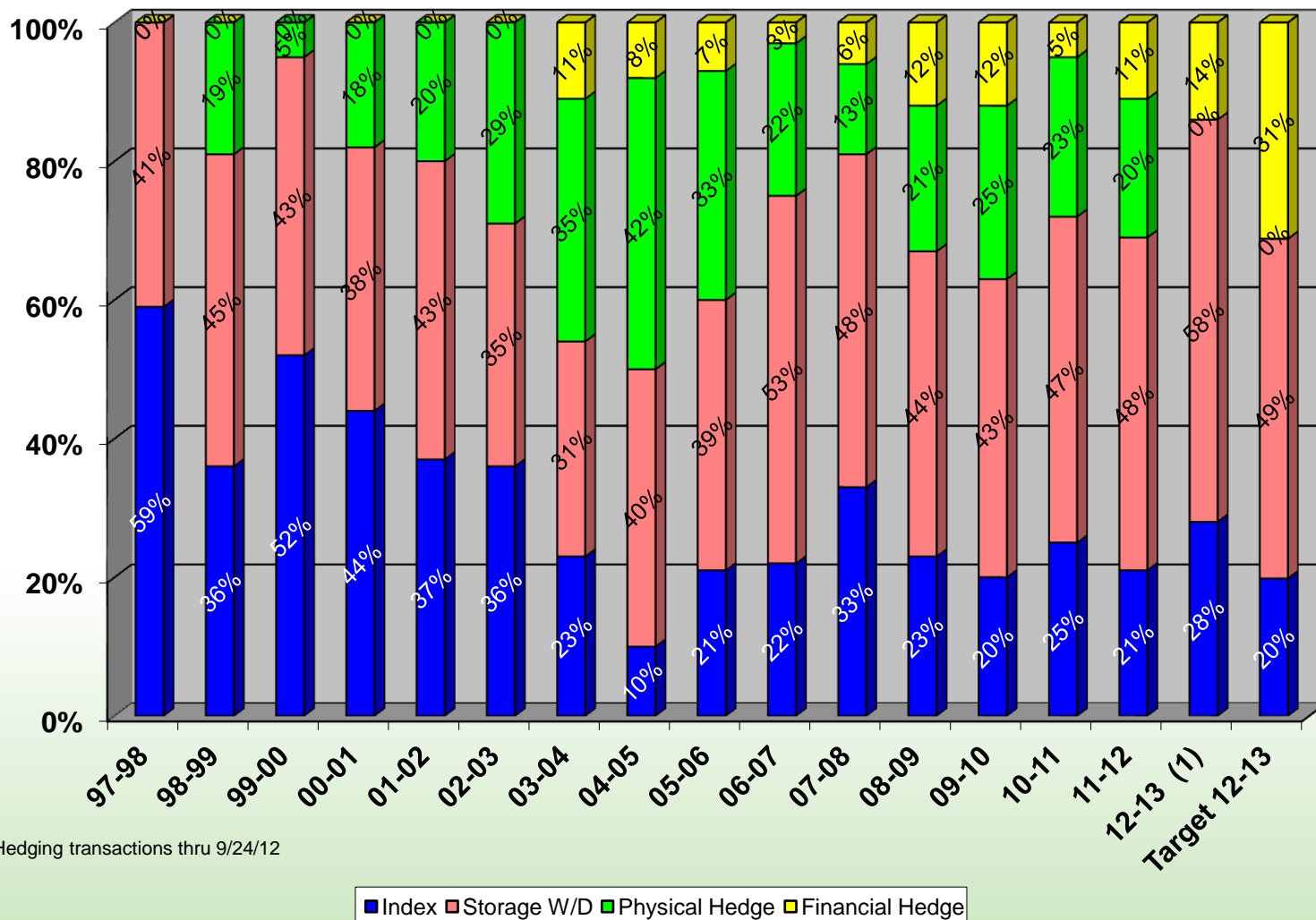
Vice President, Regulatory Affairs
Citizens Energy Group

Securing Supply

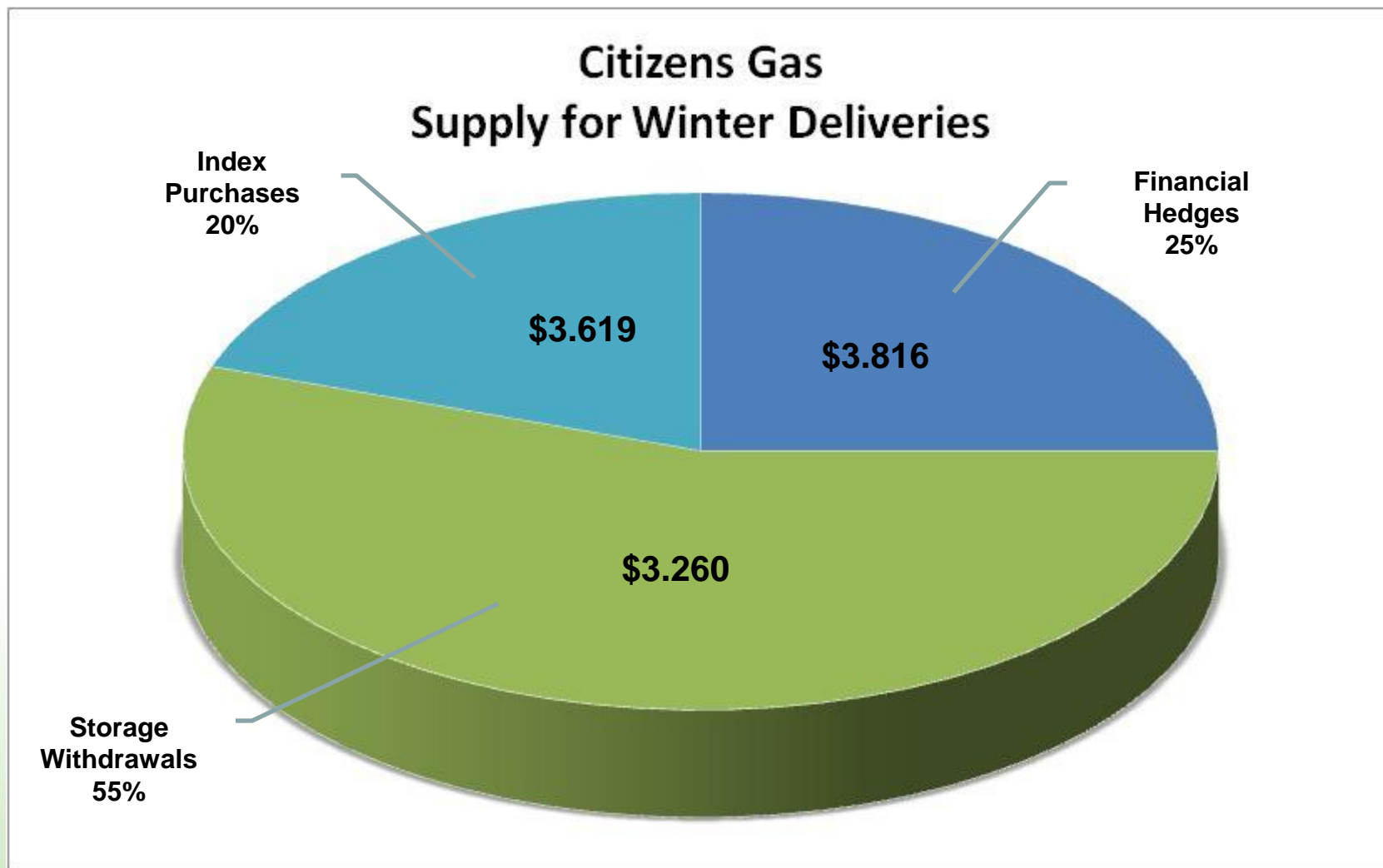


Price Volatility Mitigation

Citizens Gas
Winter Sendout Supply Source

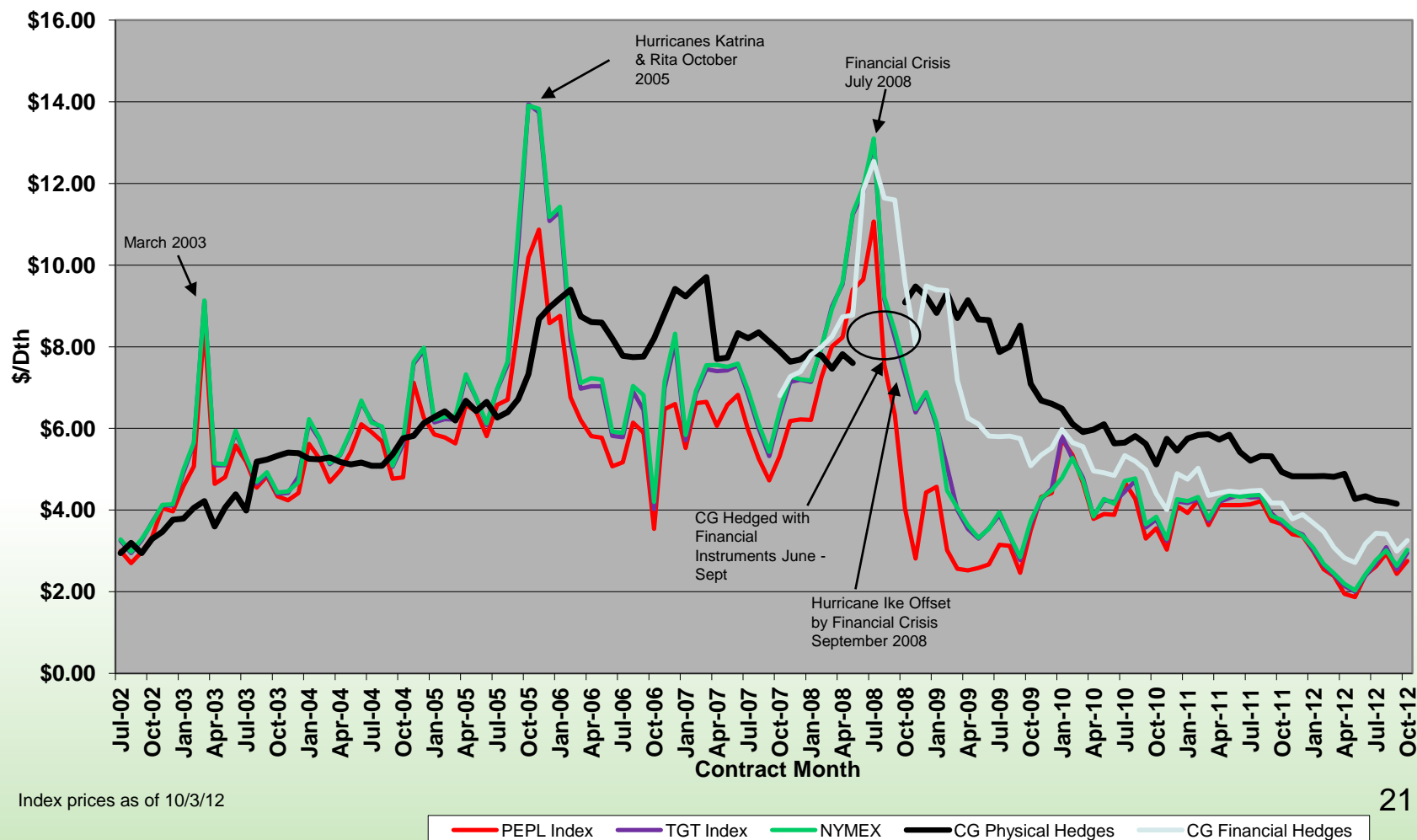


Price Volatility Mitigation



Fixed Prices Vs. Indices

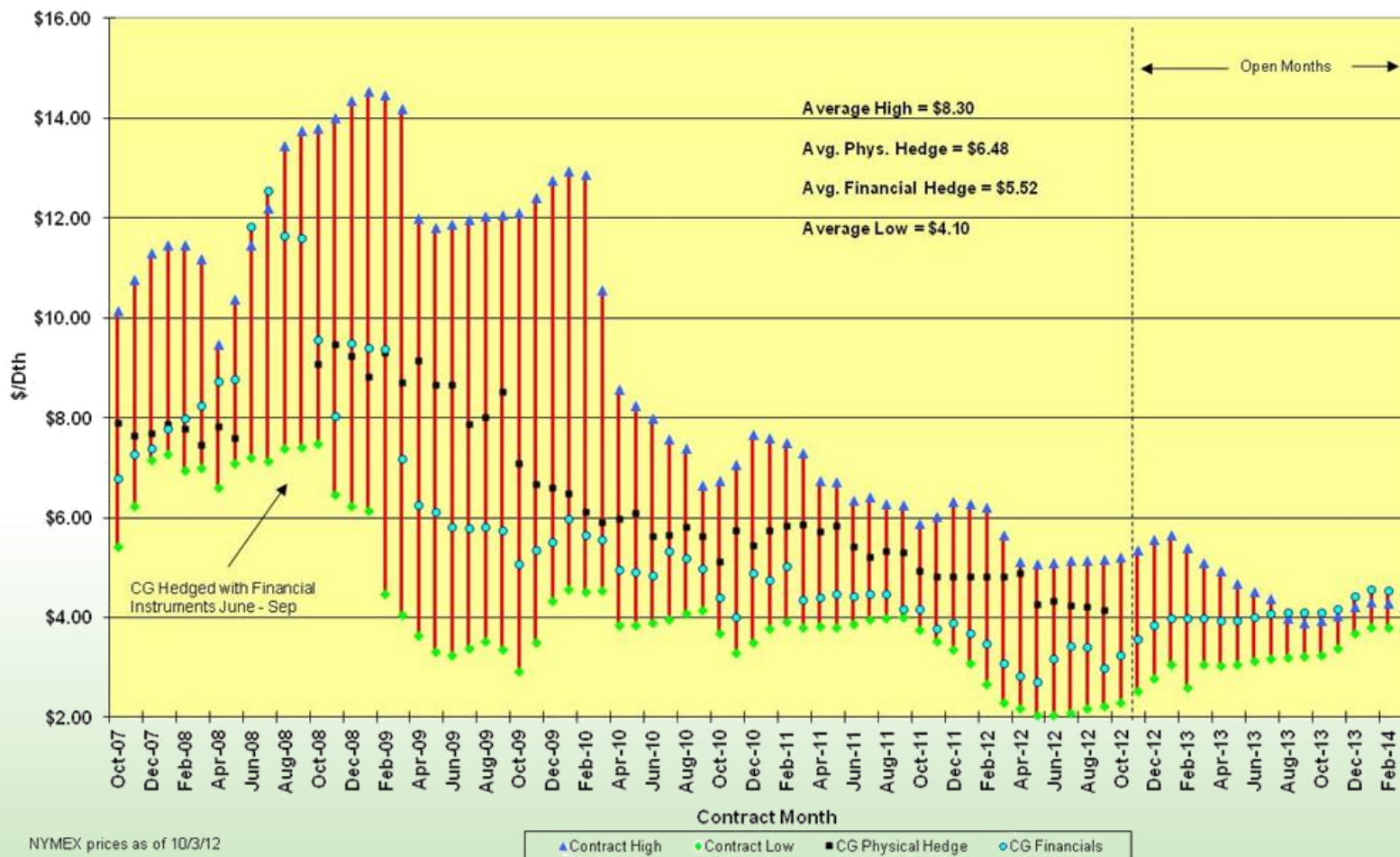
Citizens Gas
Comparison of CG Physical Hedges to Relevant Indices



Index prices as of 10/3/12

Price Volatility History

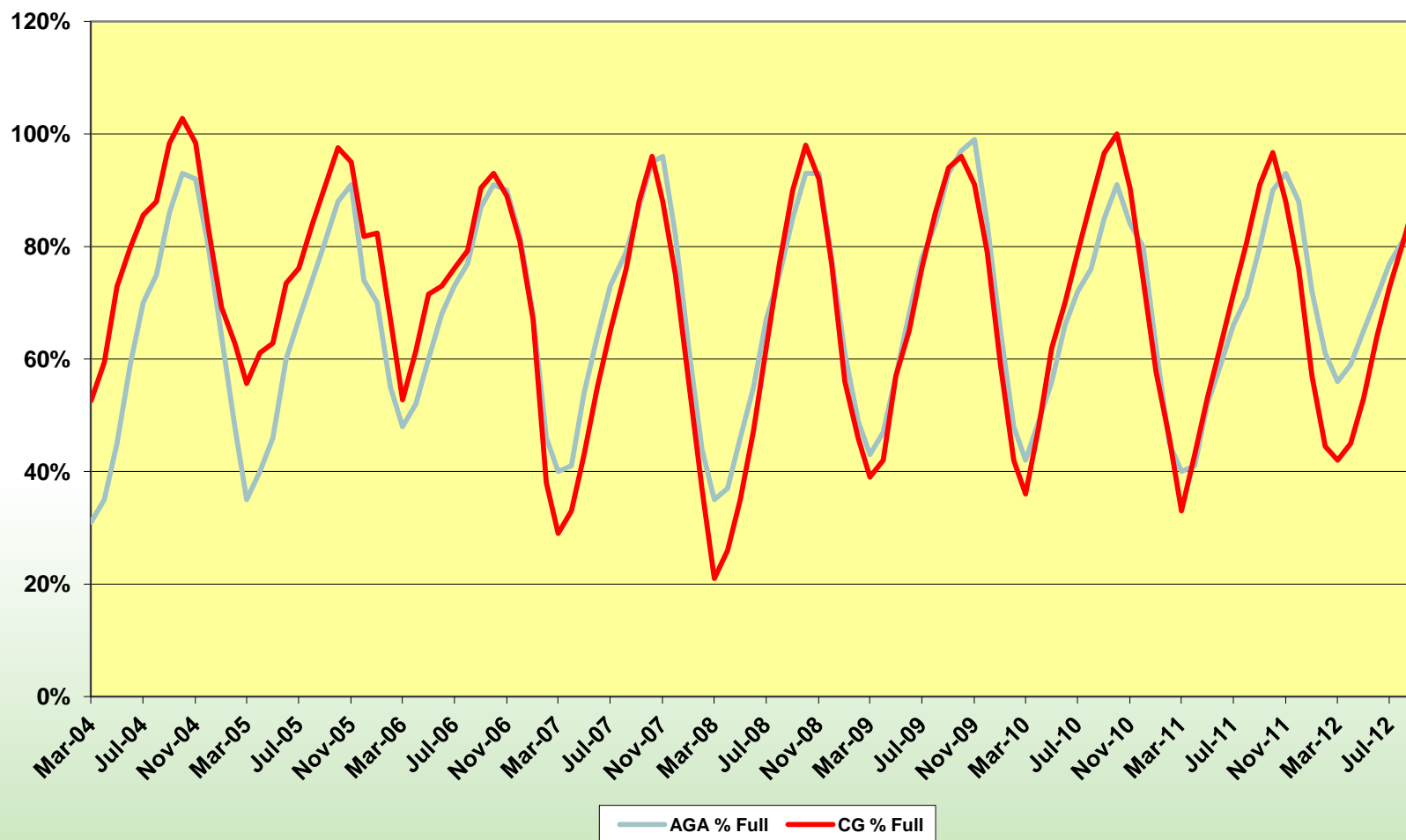
Citizens Gas
NYMEX Trading Ranges for Individual Contract Months



NYMEX prices as of 10/3/12

Storage is Ready

Citizens Gas
Comparison of CG vs. AGA/EIA Storage



Conclusion – Carey Lykins

- Maintaining affordable rates in a sluggish economy
- Improving customer satisfaction through combined billing
- Maximizing efficiencies of a combined utility

Questions